BRITISH COLUMBIA

BC STATS Infoline

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December 3, 1999

highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **After having dipped slightly (0.1%) in October, employment in BC in November increased by 12,800 (0.7%) to 1,909,600 (seasonally-adjusted).** Only PEI, New Brunswick and Quebec posted higher growth in the month. At the same time, BC's unemployment rate increased from 7.4% in October to 8.0% in November, as an additional 25,600 people entered the work force. The lowest unemployment rate in the country was in Alberta (5.2%), followed by Saskatchewan and Manitoba at (5.3%) and Ontario (5.6%). The other provinces all experienced higher unemployment rates than British Columbia in November. The Canadian rate was 6.9%. BC was, however,the only province where the unemployment rate increased in the month. *Source: Statistics Canada*

The Economy

- **Wages, salaries and benefits earned by workers in British Columbia increased 0.5% (seasonally adjusted) between August and September, less than in any other region of the country.** Canadian labour income was up 0.8% in September.

  During the first nine months of the year, labour income in the province was 1.3% higher than in the same period of 1998. This compares to a 3.5% advance at the national level. The increase in BC was the lowest in the country. Saskatchewan (+2.0%), Quebec (+2.5%) and Yukon (+2.9%) were the only other regions where labour income rose less than three percent. The strongest gains were in NWT (+7.5%) and Ontario (+4.5%).*Source: SC, Catalogue 13F0016XPB*

Agriculture

- **Dairy farms were the most profitable farming operations in Canada last year, with average operating margins of 25.1 cents for every dollar of revenue.** Tobacco (22.5 cents) and grain and oilseed (22.4 cents) farmers also pocketed more than a fifth of their total revenues in 1998. Hog (4.2 cents) and cattle (6.8 cents) farming were the least profitable. Greenhouses and nurseries had an average profit margin of 12.7 cents for every dollar of revenue last year. The average for all types of farms was 15.4 cents.

  Poultry ($493,000), potato ($448,000) and greenhouse and nursery ($423,000) operations had the highest average revenues, while cattle ($129,000) and grain and oilseed ($106,000) farming were at the lower end of the scale. Average operating revenues for all types of farms were $145,000 in 1998, suggesting that the typical Canadian farmer earned about $22,000 after all expenses were paid. *Source: Statistics Canada*

Tourism

- **Spending by international tourists visiting the province fell slightly in the second quarter (-2.5%, compared to the same period of 1998), ending a nearly two-year-long streak of uninterrupted growth in international tourism receipts.** The decline in BC was the result of a combination of factors. US spending in the province fell for the first time since the first quarter of 1997, as the boom in tourism from the US began to taper off. At the same time, spending by tourists from overseas rose only modestly (+0.8%) after posting double-digit gains during most of the last year. Although BC was the only province where international tourism receipts slipped in the second quarter, the region continues to attract a disproportionately high share of foreign tourism dollars. Nearly a quarter (22%) of tourism spending by foreigners visiting Canada between April and June was in BC. Ontario (46%) was the only

Report **Truckers on a roll...**

Did you know...

BC's ferry system is by far the busiest in the country. In 1997, 72% of all ferry traffic in Canada was in BC. Quebec (14%) had the country's second busiest ferry system, followed by Atlantic Canada (7%) and Ontario (6%). The remaining 1% of passengers plied the waters in Manitoba and NWT.

province to get a bigger slice of the pie. International tourists injected three-quarters of a billion dollars into the BC economy in the second quarter.

Source: SC, International Travel Survey

- **While the flow of Americans into the province is starting to ebb, British Columbians are beginning to turn their sights stateside again.** Spending by BC residents in the US edged up 0.8% in the second quarter, increasing for the first time since the fall of 1997. British Columbians also spent more (+4.7%) while travelling overseas. Total spending by BC residents outside the country was up 2.4%.

  The province is more dependent on overseas tourist dollars than most other parts of the country. In the second quarter, 43% of BC's travel receipts came from overseas tourists, more than in any other province except Alberta (48%). At the national level, overseas tourists represented just 37% of foreign spending in Canada.

  Source: SC, International Travel Survey

Earnings of Physicians

- **Canadian physicians earned an average $105,200 from employment in 1995, more than triple the average earnings of all workers aged 25 and over ($30,600) in that year.** Their earnings were nearly two-and-a-half times those of other university graduates ($43,200). The longer hours worked by physicians accounted for an estimated 23% of the difference between their earnings and those of other university grads, and about 17% of the gap between the earnings of doctors and those of the average Canadian worker.

  Source: SC, Catalogue 75-001-XPE, Winter 1999

Women in Jail

- **About half the population is female, but women are much less likely than men to end up in jail.** In 1997/98, just 9% of all sentenced admissions to provincial/territorial prisons were women, and they made up only 5% of admissions to federal penetentiaries. However, the propensity of women to commit crimes that result in jail time isn't the same across the country. Eleven percent of the people sentenced to provincial prisons in Alberta during 1997/98 were women. Saskatchewan (9%) and Ontario (9%) were the only other provinces at or above the national average of 9%. Women were least likely to be sent to jail in NWT (3%), Nova Scotia (4%) and New Brunswick (4%). In BC, 7% of new admissions were women.

  Source: SC, Catalogue 85F0018XPE

The Nation

- **Canada's economy expanded 1.2% (seasonally adjusted) between the second and third quarters, marking the fourth consecutive quarter of solid growth.** The strength of the economy was largely due to an improvement in the trade balance, which increased from $14.4 billion to $22.2 billion. Exports recovered from a lacklustre second quarter, moving ahead 3.6%, while the value of imports rose more moderately (+1.4%). External factors were not the only reason for the solid third quarter performance, however. Domestic demand for goods and services was up 0.8%, boosted by a 1.2% increase in consumer spending. Purchases of durable goods, often viewed as an indicator of consumer confidence, rose 4.2%.

  Business investment in structures and equipment slowed, rising 0.5% after making a 4.9% gain in the second quarter. This was primarily due to a 0.5% drop in machinery and equipment purchases, which account for nearly half of all business investment. In addition, there was a slowdown in the residential sector, where spending was up 0.6% after posting gains of 3.3% and 4.1% in the previous two quarters. Governments continued to rein in their spending. Current expenditures (mainly wages and purchases of supplies) rose 0.2%, while investment in structures and equipment advanced 1.1%. *Source: Statistics Canada*

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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

December 3, 1999

Infoline Report: British Columbia exports to United States move increasingly by truck

Contact: George Dufour / (250) 387-0376

Originally published in August 1999 issue, *Exports*. Annual subscription: $60 + GST

Two thirds of British Columbia exports are destined for the U.S. market, crossing the border by road, rail, sea, air, pipeline or powerline.

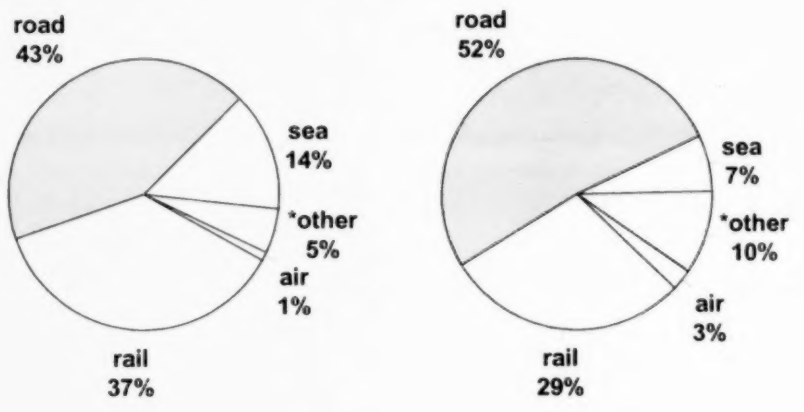
The relative importance of these different modes of transport has been changing. New export products and new ways of doing business have increasingly favoured truck transport over other shipping services.

Over one half (52 per cent) by value of 1998 British Columbia exports to the United States were carried by road. This amounted to one third of all exports to all destinations, by all modes of transport. Use of air transport has been growing even faster, but still amounts to only 3 per cent of all goods shipped to the United States.

Increasing reliance on road transport reflects the continuing diversification of the province's export mix away from bulk resource commodities, and has important implications for transportation infrastructure planners. Fast, reliable, and competitively priced road transport connections with U.S. destinations have become a critical factor for export growth, particularly for exports of higher valued secondary manufactured products.

The trucking industry has been expanding to meet new demand for its services. Trucking, including domestic and international services, is now the largest and fastest growing transport industry. It employs about 20 per cent of all workers in the transportation, storage and communications sector, and contributed $1,100 million to 1997 gross domestic product (constant 1992 dollars). The B.C. Trucking Association reports 500 carriers in the province, operating 12,000 pieces of equipment.

Trucks Moving A Bigger Portion of B.C. Exports to the United States



note: Percentages are based on value of goods shipped, not weight or quantity.
*'other' = pipelines, powerlines, and shipments for which mode of transport not known

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Rail Exports Level Off In Mid 1990s, As Truck Exports Continue to Grow

Road transport has leapt ahead of rail during the 1990s, in terms of the value of exports shipped to the United States. At the beginning of the decade, the value of exports to the United States by rail was almost as much as the value carried by road. Both rose together up to 1994, when there was a negligible $32 million between the two.

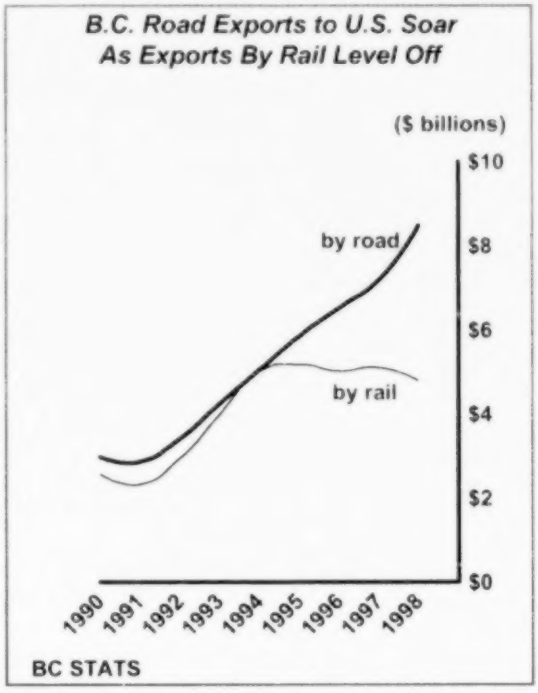
But beginning in 1995, the value of goods being exported to the United States by rail levelled off, as the value of exports shipped by road continued to climb. By 1998, the portion shipped by road had increased to over half of all exports to the United States, while the portion shipped by rail had fallen to less than a third.

The poor growth performance of rail delivered exports to the United States is largely explained by their concentration in resource commodities. They are mainly metallic mineral products, pulp, and especially lumber.

Lumber accounted for 59 per cent by value of all rail transported exports to the United States in 1998, as compared to 24 per cent for sea exports and 18 per cent for road exports.

Heavy reliance on lumber export traffic has meant that rail carriers have been more affected than other freight transportation services by the constraints of the Canada – U.S.A. Softwood Lumber Agreement. The Agreement dampened what might otherwise have been much stronger growth in the volume of lumber shipments to a robust U.S. construction industry, had no trade restricting regulations been in force.

The overall value of rail transported exports to the United States has also been adversely affected by low prices for many resource products in the second half of this decade. These have partly been the indirect result of the Asian economic crisis and of slow growth in major continental European economies. But to some extent they also reflect growing international competition, something that is less easily dismissed as a cyclical factor.



Sea transport has traditionally moved less by value of the province's total exports to the United States than has been moved either by road or by rail. During the 1990s, sea shipping has slipped even further behind, in terms of the value of total exports shipped. By 1998 sea transport (ship or barge) delivered only 7 per cent by value of all exports to the United States market, down from 14 per cent in 1990.

The value of air exports to the United States has risen faster than exports by road or any other mode of transport. Between 1990 and 1998 air exports to the United States jumped 474 per cent, far exceeding rises of 185 per cent for road, 86 for exports by rail, and 10 per cent for exports by sea.

Despite their fast rate of growth, air freighted exports still amount to only 3 per cent of British Columbia exports to the United States in 1998. But if they continue to expand as rapidly as they

have through most of this decade, as seems likely, air transport could soon rival sea transportation in terms of the total value of goods delivered to the United States market.

British Columbia Exports to U.S.A.
(per cent of total exports)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Road	43%	43%	43%	42%	41%	44%	47%	48%	52%
Rail	37%	35%	37%	40%	41%	39%	36%	34%	29%
Water	14%	14%	11%	10%	9%	10%	9%	7%	7%
Air	1%	1%	2%	2%	1%	2%	2%	3%	3%
pipe & powerline	5%	6%	8%	6%	8%	5%	6%	8%	10%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

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The very fast growth in exports transported by air has largely come about because of the growing high value electronics and food product component in shipments to the United States. It may also have been facilitated to some extent by the expanding volume of belly cargo space available on passenger aircraft travelling to U.S. destinations.

The combined value of exports by pipeline and powerline has also been rising fast. It climbed more the 340 per cent between 1990 and 1998, reflecting solid increases in electricity and natural gas exports over that period.

Flexibility Giving Road Transport the Edge

Each mode of transport can claim its own particular advantages for shipping goods to the United States market. These advantages determine the particular types of export products each mode is most suited to carry. For example, standard bulk commodities moving long distances are often shipped by rail. Small, high value products such as fresh oysters, precious metals, or high priced electronic equipment are often shipped by air. Bulk commodities located within easy range of the coast or on islands may be best carried by ship or barge.

Typical truck cargoes are less easily defined because road transport is flexible enough to move almost any kind of product. Truck carriers can ship long or short distances; can carry loads that are heavy or light, large or small. They can reach any point accessible by road, and can sometimes adjust their routes and schedules as circumstances require.

These are advantages that point to a bright future for trucking in the new economy. Paul Landry, President of the British Columbia Trucking Association, feels that the flexibility of trucking allows his industry to offer the higher levels of service that are coming to be expected in modern business. 'Customers today will pay a premium for service that includes delivery to their own premises on a particular day,' he says, underlining truckers' ability to meet 'just in time' delivery requirements.

Questioned as to whether the fast rising use of air freight poses a threat to the trucking industry, Mr. Landry replies that 'air shipping is not a factor,' pointing out that its expensive rates restrict it to a limited variety of high value products.

He believes that new shipping business being generated through the rapid rise of E-commerce transactions will benefit both air carriers and truckers, adding that the companies to benefit most will be those offering integrated (truck and air) delivery services with guaranteed 48 hour or 72 hour deliveries.

Mr. Landry feels that the advantages offered by truck transport over rail or sea transport are becoming more important as international trade

Wider Range of Products Moved By Truck Transport

(per cent of 1998 B.C. exports to U.S. by product type)

	by Road	by Rail	by Water	by Air	by * Other
Wood Products	32%	68%	37%	0%	0%
Pulp & Paper	10%	19%	29%	0%	0%
Agri-food	9%	0%	0%	1%	0%
Fish Products	5%	0%	1%	6%	0%
Metallic Minerals	1%	9%	0%	1%	0%
Energy Products	0%	0%	11%	0%	83%
Machinery/Equip.	26%	0%	5%	75%	0%
Plastics	3%	0%	0%	1%	0%
Apparel	2%	0%	0%	2%	0%
other	13%	3%	17%	14%	17%
Total	100%	100%	100%	100%	100%

* other =pipelines, powerlines, and shipments for which mode of transport is not recorded.

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expands to include a greater variety of goods, shipped in smaller quantities, to more destinations.

He is also encouraged that British Columbia's exports are becoming more processed or 'value added', noting that this works in favour of truck transport because the higher weight/distance charges associated with trucking, relative to rail and sea transport, become less significant when the unit value of the product being shipped is higher.

New Export Products to United States Moving Mainly By Truck

Many of British Columbia's new high value export products fit into the broad category of machinery and equipment. Shipments in this category increased from 9 per cent of all exports to the United States in 1990, to 16 per cent in 1998. Most moved by truck. The truck transported component of machinery and equipment going to the United States has ranged between 93 per cent and 83 per cent during this decade. It was 85 per cent in 1998 - $2,166 million out of $2,552 million machinery and equipment exports travelling by all modes of transport.

Truck transport is also the principal mode of transport for most other categories of fast growing exp. .ts to the United States. For example, 100 per cent ($117 million) of vegetable products were shipped from British Columbia to the United States by truck in 1998, as were 98 per cent ($266 million) of plastic products, and 87 per cent ($178 million) of apparel products.

The forestry industry has been making greater use of truck transport as it has been expanding the value added component of its exports to the United States.

In general, the chances that a forestry product will travel by road to the United States increase with its value added content. For example, the 1998 portion of miscellaneous value added solid wood products shipped by road was 78 per cent, while the portion for plain lumber was 33 per cent.

Similarly with pulp and paper exports, finished goods are far more likely to be shipped by road than by rail or by sea. Exports to the United States of miscellaneous and mainly value added paper products (boxes, envelopes, etc.) went almost entirely by road (94 per cent). For fine papers the portion was 58 per cent; for newsprint it was 34 per cent; but for pulp was only 18 per cent.

Many of the Fastest Growing Export Categories Are Shipped Mainly By Truck

	1990-98	(% of 1998 B.C. exports to U.S.)			
	Export Growth to U.S.	by Road	by Rail	by Water	by Air
plywood	611%	62%	37%	1%	0%
selected value added wood	236%	78%	0%	0%	0%
paper (exc. Newsprint)	348%	58%	36%	6%	0%
vegetables	764%	100%	0%	0%	0%
Machinery/Equip.	296%	85%	1%	2%	12%
Plastics	458%	98%	1%	0%	1%
Apparel	428%	87%	7%	1%	5%
all other export products	*99%*	*40%*	*37%*	*9%*	*1%*

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BC at a glance . . .

POPULATION (thousands)	Jul 1/99	% change on one year ago
BC	4,029.3	0.7
Canada	30,568.0	0.9
GDP and INCOME		
(BC - at market prices)	1998	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	110,948	-0.2
GDP *($ 1992 millions)*	99,708	0.2
GDP *($ 1992 per Capita)*	24,908	-0.8
Personal Disposable Income *($ 1992 per Capita)*	15,969	-1.6
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Sep	3,220	11.6
Merchandise Exports (raw) Sep	2,483	5.8
Retail Sales (seasonally adjusted) Sep	2,846	4.4
CONSUMER PRICE INDEX		
(all items - 1992=100)	Oct '99	% change on one year ago
BC	111.8	1.5
Canada	111.5	2.3
LABOUR FORCE (thousands)		
(seasonally adjusted)	Nov '99	% change on one year ago
Labour Force - BC	2,075	0.6
Employed - BC	1,910	0.5
Unemployed - BC	165	2.0
		Nov '98
Unemployment Rate - BC *(percent)*	8.0	7.8
Unemployment Rate - Canada *(percent)*	6.9	8.0
INTEREST RATES (percent)	Dec 1/99	Dec 2/98
Prime Business Rate	6.50	6.75
Conventional Mortgages - 1 year	7.35	6.40
- 5 year	8.25	6.80
US/CANADA EXCHANGE RATE	Dec 1/99	Dec 2/98
(avg. noon spot rate) Cdn $	1.4742	1.5367
US $ *(reciprocal of the closing rate)*	0.6784	0.6530
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Nov '99	% change on one year ago
BC	634.58	0.7
Canada	603.73	3.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

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- Labour Force Statistics, November 1999

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